

Carma

Ltd.

Annual Report 1981

The Carma Story

The name Carma has long been associated with first class residential land development in Calgary. Today much more than that is involved. Carma is a family of companies active in such diverse areas as: real estate, financial services, natural resources and varied commercial ventures.

Carma Ltd., the Calgary based parent company, with shares trading on the Toronto and Alberta Stock Exchanges, has three principal subsidiaries. Carma Developers Ltd. has its head office in Calgary and is responsible for Canadian real estate operations. Carma Developers, Inc. is a holding company, headquartered in San Francisco, whose subsidiaries deal with real estate operations in several states. Allarco Developments Ltd. has its head office in Edmonton and is engaged directly and through subsidiaries in real estate operations, financial services, petrochemicals, automobiles and natural resources.

In 1958 several Calgary builders joined together and pooled resources in order to provide serviced lots. Approximately fifty builders raised \$250,000 and Carma Developers Ltd. was formed. Its objective was to assemble and develop land for its owners, the builder-shareholders, and to become the best and most highly respected developer in Calgary.

During the 1960's Carma proceeded with the development of residential communities in the City of Calgary. Following the emergence of Carma as a public company in 1972, geographic expansion quickly began. Regional offices were opened in Vancouver and Edmonton, followed by an office in Hamilton, Ontario, in 1973. Carma completed its first commercial project, the Silver Springs Shopping Centre, in 1977 and since that time has become more involved in commercial ventures. In 1977 Carma made its first entry into the United States by optioning 1,500 acres in the Houston area. Expansion then followed into California, Washington, Colorado, Arizona and Florida.

Growth and diversification in the 1980's began with the acquisition of Allarco. The Allarco purchase contributed a great deal to the company in terms of both people and assets.

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Report to Shareholders

Net income for 1981 was \$32,972,000 compared to \$43,886,000 in 1980. Both years' results reflect Carma's conservative accounting policy of writing down real estate to the lower of cost or market on a *parcel by parcel* basis. The appraisal increment on the overall land bank was \$471,232,000. In 1981, the write downs amounted to \$30,282,000 or approximately 2%

Howard Ross, Chairman of the Board



of the total market value of Carma's real estate. In 1980, the write downs amounted to \$11,444,000. Without the write downs, the net income would have been \$50,195,000 in 1981 and \$52,095,000 in 1980. The reduction in market value to an amount below cost could in most cases be traced to individual parcels in depressed market areas with high unemployment. Write downs of \$22,260,000 on specific parcels were traced to speculative properties not directly in the path of future development.

Lot production and sales in 1981 were noticeably lower than in the previous year as high interest rates persisted. Commercial, high density and undeveloped property sales doubled from the previous year. Revenues from financial services more than doubled as did revenues from retail, service and other businesses.

Profit margins narrowed as interest and administrative costs increased. Allarco expenses were included for all of 1981, but only for the last half of 1980, as during the first half of 1980, the Allarco results were accounted for as "equity in net income of affiliates". Carma Developers, Inc. expanded its operations and there was a noticeable increase in its administrative expense. Overall, the number of employees in the Carma family in January of 1981 of 1,717 dropped to 1,301 in January of 1982.

Allarco increased its ownership of Alberta Gas Chemicals Ltd. to 50% during 1981. Its interest in North West Trust Company also increased during this period to 79%. Seaboard Life Insurance Company, 69% owned by Allarco, enjoyed the best year ever in terms of net profits after tax.

All in all, 1981 was another banner year for Carma and we look forward to a continuation of this in 1982. A vote of thanks is extended to Howard Ross, Chairman of the Board, who devoted many hours to Carma during the year. We extend appreciation to our Board of Directors, subsidiary board members, builder-shareholders, committee members, advisory board members, all staff members, consultants and suppliers for their excellent support during 1981.

C. J. Combe
Vice Chairman of the Board,
Chief Executive Officer

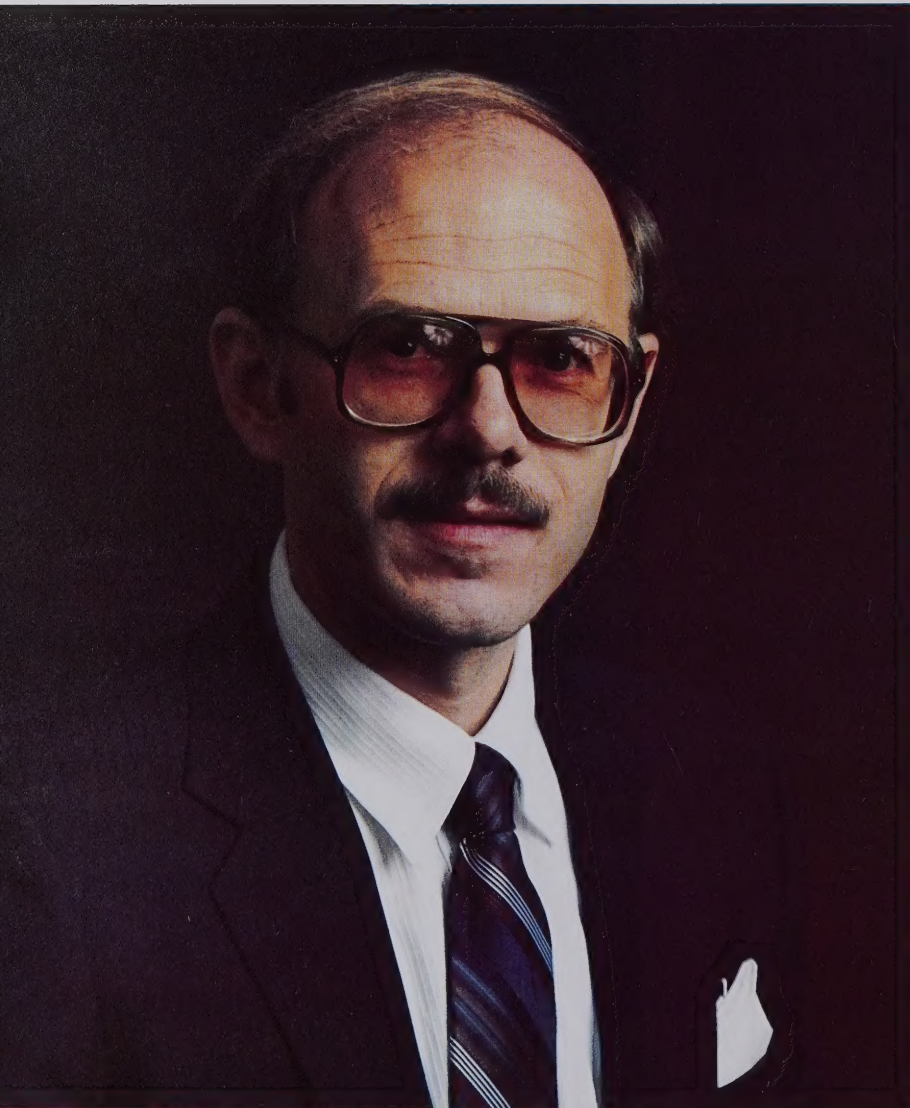
Roy Wilson
President and Chief
Operating Officer

Carma Developers Ltd.

During 1981 as interest and mortgage rates rose, the economy in Canada gradually declined, the situation being aggravated even further by the federal government's budget. Real estate activity suffered along with most other industries.

Despite these conditions Carma Developers Ltd. did reach a number of milestones during the

Rudy Janzen, President and Chief Operating Officer



year, moving its operations closer to several goals. The first of these is continuing the reduction of our supply of 'long term' land. As a result, Carma sold a total of 2057 acres of raw land. Secondly, in the area of commercial activity, Carma increased the amount of space in suburban office buildings, shopping centres, and downtown office space by a net amount of 482,000 square feet in four new projects, completed or under construction.

Another company goal was reached in business park development. This segment is considered by Carma to afford a strong and profitable market potential during the 1980's. Carma now has in planning or construction 185.5 net acres of business and industrial park property in Calgary, Edmonton, Red Deer, and Toronto. These parks are intended to provide the company with a major increase in commercial assets, providing a balance with our strong residential land portfolio.

Carma's traditional sales of serviced single family lots and multi-family lands to our builder-shareholders suffered during 1981. Although total lot sales fell to 965, the sale of 46.09 acres of commercial property and 2,057 acres of raw land allowed the company to maintain its profitability.

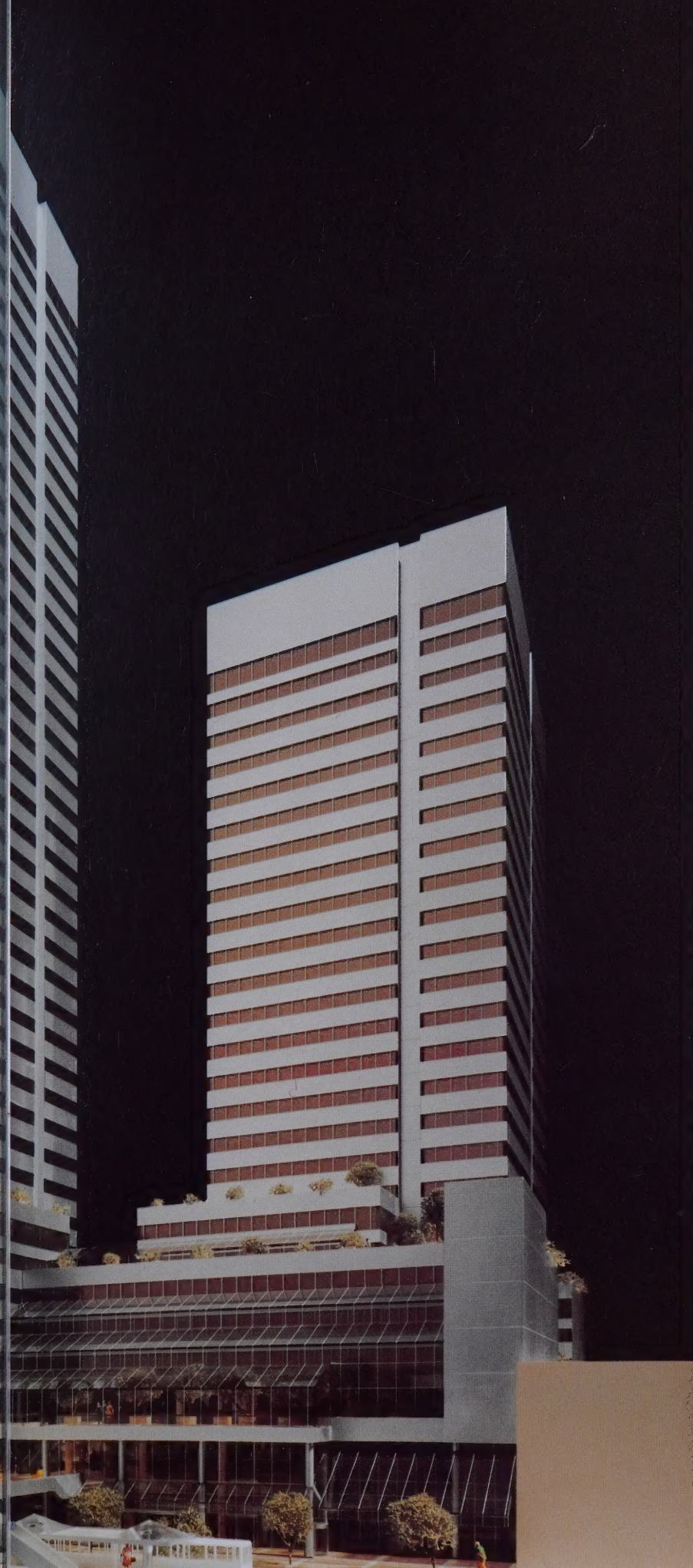
Of this, 717 acres in the cities of Edmonton and Calgary were sold to the Government of Alberta for use as roadway and utility corridors. An additional 284 acres of land was sold to the City of Red Deer for the ultimate relocation of railway facilities from the downtown area.

The company is currently reviewing plans for condominium sites at Maple Bay and Vancouver, British Columbia, and Oakville, Ontario.

General planning and preparation for our ongoing program of single family lots progressed so as to provide Carma with an uninterrupted program for two or three years, depending on market demand.

On May 1, construction of Phase 1 of Calgary Centre began. By the end of the year the 27 storey, 415,000 square foot office/retail project was on schedule with 99,000 square feet committed to formal lease.

Progress in the Deerfoot Business Centre during the year included the grand opening of the 512,000-square-foot Deerfoot Mall in August, and the completion of the Carma and Digital buildings. The Deerfoot Professional Building, started during the year, will be completed during 1982. Atrium One, the first building in Carma's Riverbend Business Park was



substantially completed by year end with leasing at 17%.

In Edmonton a joint venture bid to construct and lease a 366,000 square foot building with the Province of Alberta was successful with construction starting in November.

Although Carma sold its 50% interest in the Strand Building, four additional sites are currently being examined for the possibility of providing first class office space in the heart of Edmonton for the 1983 to 1987 markets.

Carma holds additional commercial development potential on properties ideal for business parks in Red Deer and Toronto, and high rise office sites in Calgary and Toronto.

Overall, Carma Developers Ltd. had a profitable year in 1981. We move into 1982 with the continued plan to keep inventories low, build up our commercial assets and rationalize our long term land which, for the most part, is being held at costs substantially below market.

Calgary Centre, now under construction, will ultimately provide towers of 27 storeys and 41 storeys, and a total of 1.2 million square feet of office and retail in the center of the downtown core.

Carma Developers, Inc.

In 1981, Carma Developers, Inc. became established not only as a major developer in the United States marketplace, but also as a respected, responsible, corporate citizen.

The success of Carma during its first year of fully independent operation is directly attributable to the quality of its people. They are

Stan Hooper, President and Chief Operating Officer



free-spirited, unfettered entrepreneurs who have an intuitive and intellectual understanding of the business they are in . . . "Real Estate".

Throughout 1981, Carma continued to focus on two primary businesses: the development and operation of commercial properties and the sale of affordable housing. Efforts were made to reduce non-productive assets while increasing the value of undeveloped land by subdivision processing or redesignation. Strategically, progress was made restructuring equity positions in major properties consistent with the long range objective to become cyclically stable by 1985.

Operationally, the corporation is divided into two divisions, each administered by a vice president reporting to Head Office in San Francisco. The eastern division, all of the U.S. east of the Rockies, operates out of Houston. The western division of the continent or western region, is domiciled in San Francisco. Several regional offices report to each division vice-president. In the west, there are offices in Seattle, Los Angeles and Phoenix. Eastern regional offices are located in Denver and West Palm Beach, Florida.

Eastern Division

Denver

Our joint venture in downtown Denver, the twin-tower Dominion Plaza development, is now beginning to impact the skyline. The central core towers are all but completed to the 20 and 30 storey height, and steel erection should be completed by summer, 1982. Leasing at year end was 32% complete.

The Marketplace shopping centre/ office complex in Aurora, Colorado, was completed and sold at year end.

During the year, three hotels were bought and sold in downtown Denver yielding substantial profit to the company.

Construction was begun on the first phase of Silo Business Park site and plans are in the process for similar developments in the Denver area.

Land for a twenty acre business park was added to inventory, with the objective of building on a portion and selling the remaining serviced sites.

Houston

As reflected in Carma's activity in Houston, this city remains one of the more dynamic cities on the continent.

About five city blocks were purchased near the Houston city core. This assemblage consists of several income producing properties and



developable vacant land. Leases have been renegotiated.

An 85% interest was obtained in the Inwood Medical Center early in the year. Carma completed construction of the building and began a leasing program which has produced excellent results. Full occupancy is expected by summer 1982.

A 50% interest was acquired in the 57,000-square-foot West Oak Place Shopping Center in late fall. This facility is now completed and leasing very well.

The 159 acre Easton Village property was redesignated to multi-use from residential — this greatly increased its value. Sixty percent was then sold to a joint venture partner.

The Colonies: Carma and Leyendecker Construction formed a joint venture to build houses. Twenty-six homes were built and sold in the Concord Colony; there were no houses in inventory at year end.

Yorktown Colony: 182 lots were committed to Great American Homes by way of a sale/option agreement. At year end they paid out 45 lots. 155 lots remain uncommitted at year end. However, it is expected that negotiations presently underway will result in sales early in 1982.

Florida

Rainbow Lakes and the Hagen Ranch in West Palm Beach, consisting of some 1200 acres, are still in planning and preliminary development stages.

The Juno Beach high-rise condominiums will be ready for occupancy in the Spring of 1982.

Florida is presently a demanding market, but with reinforced management and a positive game plan there will be noticeable improvement in this region during 1982.

Dominion Plaza, a twin-tower joint venture project, will offer 571,000 net leasable square feet of first-class office space in Denver, Colorado by year end.

Western Division

Washington

Operations within the City Centre Equities joint venture (CCE) exceeded expectations. Six separate assemblages were sold; and these, in combination with modest residential sales in Inglewood Glen and Alderbrook, produced approximately \$3.7 million in pre-tax profit.

In terms of building activity, the WEA Building was completely rehabilitated and leased with Carma's Washington regional office being the main tenant. Additionally, the Arctic and Alaska Buildings were sold to an investment syndicate formed by Foster Marshall and Company. The Arcade Centre joint venture with JMB Realty was renegotiated subject to approval by the Board of Directors early in 1982. The processing and entitlement work was substantially completed, a marketing center was opened, and active leasing negotiations commenced. Both of these buildings are now under development and pre-leasing. Rehabilitation commenced on the Colman Building, and considerable progress was made in restructuring lease revenues.

Northern California

The primary accomplishment for northern California in 1981 was the sale of a 90% undivided interest in the undeveloped portion of California Center in Sacramento. This sale was coupled with a contribution of the 90% interest back to a joint venture to be managed by Carma. This transaction produced \$4.3 million of pre-tax profit. Phase I construction commenced in the spring and by year end was approximately 40% complete, on schedule and on budget.

Construction commenced on Walnut Creek Center, Carma's flagship project in northern California in March 1981. Of the 250,000 square feet, 120,000 square feet have been leased.

Strategically, Carma's northern California operating group sought to position itself outside the exaggerated, high cost central business district in San Francisco. Positions were taken in downtown Sacramento adjacent to the State capital (Capitol Center) and in San Francisco's South Beach redevelopment area (South End Warehouse office rehab).

The northern California organization was almost complete by year's end with few important positions remaining to be filled.

Southern California

Major activity in southern California focused around The Warmington-Carma Group in Orange County. During 1981, Warmington-Carma (now Carma Sandling Group) continued to expand its residential land inventory. Clearly, decisions made with respect to continuation of their "Affordable" housing component were well conceived.

Substantial reorganization had commenced by year end in the southern California group. Notably, a decision was made to shift development emphasis away from residential housing and land development towards lower risk commercial properties.

The 500 North Brand joint venture with the Howard Companies, which contemplates the development of a mid-rise office building in Glendale, continued on schedule and pre-leasing negotiations with major tenants had begun.

Arizona

In Arizona, as in southern California, a partnership restructuring was in order. In this case, Carma's relationship with the Rider organization was terminated. As a consequence, Carma closed the year owning or controlling three properties originally a part of the Rider venture. These properties are basically speculative in nature, and efforts had begun to assess strategic alternatives. Most likely, this will result in a disposition of the properties.





The Glendale project is located in the center of four major freeways, on an excellent bus system, and numerous access routes to downtown Los Angeles. The sixteen storey, 300,000 square foot building is one of several opportunities awaiting Carma in California.

Allarco Developments Ltd.

Financial Services

During 1981, Allarco increased its holdings in two significant companies in the financial services sector. By year end, Allarco Developments Ltd. owned 79% of the shares of North West Trust Company, based in Edmonton, and 69% of the shares of Seaboard Life Insurance Company,

David Jenkins, President and Chief Operating Officer



Vancouver. The combined assets of these two companies exceed \$650 million.

Allarco also acquired a minority interest in Standard Guarantee Corporation, a new company incorporated to provide credit insurance loans. Standard Guarantee Corporation can offer intermediate sized companies access to long term capital sources which have not previously been available to them.

Allarco also holds a 100% interest in Northwest International Bank and Trust Company, a private bank incorporated in the Cayman Islands, which provides financial and trust services to individuals and corporations.

Retail Services

Allarco holds a 50% interest in Allar-Tic, Inc. Travellers Acceptance Corporation, Ltd., Travellers Acceptance Corporation (California) and Lifecycle, Inc., companies engaged in financing or equipment supply for fitness centres in western Canada and the western United States. During the year, an equipment leasing arm was initiated and is now well underway. As part of its rationalization program, Allarco sold its partial interest in several Family Fitness Centres located in California.

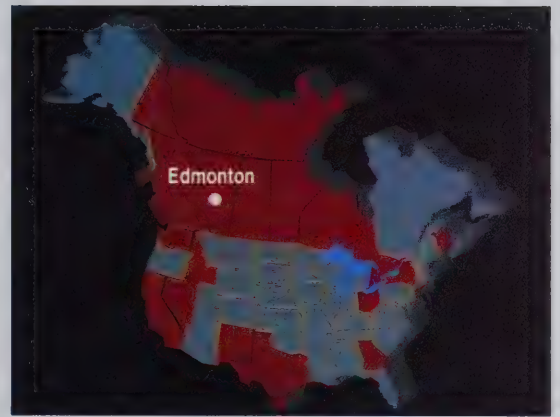
As well, Allarco leased or sold its restaurant operations to former employees and is no longer involved in the business with the exception of the facilities located in the 100% owned Peter Pond Hotel in Fort McMurray, Alberta.

The Allarco Automotive Division enjoyed one of its finest years to date. Through the facilities of Crosstown Motors, Devonian Motors, and Suzuki-Allarco Imports, more than 4,000 new vehicles were sold on a retail or wholesale basis. These companies were also responsible for almost 2,400 used vehicle sales.

Real Estate

1981 was a year in which a major concern was a realization of real estate holdings. The decisions made way for the sales of major properties including the Chateau Tower in Regina, the Regency Tower in Calgary and the Northgate Building in Edmonton. As well, plans for the sale of longer term assets were finalized and the decision to concentrate on more immediate opportunities and income producing properties was made.

Plans for the development of significant projects are being prepared for the Edmonton area. One of these proposed developments will be the construction of a new Allarco building in Edmonton at 114th Street and Jasper Avenue, as the first phase of a mixed use complex to include office and residential towers.



Oil and Gas Exploration

Allarco Developments Ltd. completed a successful 1981 oil and gas exploration program. The company's involvement takes place via a 35% ownership in Petrosec Exploration Ltd. and a joint venture agreement with Alberta Gas Chemicals Ltd. and Wilroy Mines Ltd. The latter program is administered by Citadel Resources Ltd. To date, the company has acquired leases, participated in drilling, and generated exploration prospects in Texas, Ohio, New York, and Alberta.

Alberta

Allarco has interests in 220,600 gross acres and 71,923 net acres of mineral rights through joint ventures and 28,300 gross acres, primarily in the Alberta Deep Basin, through Petrosec Exploration Ltd. Petrosec's current Canadian activity is concentrating on new oil in east central Alberta, Allarco is participating in the Dowling Lake area, Minnihik Buck Lake region, and Westward Ho areas. A very active drilling program is anticipated during 1982 to evaluate existing properties. Gas sales from the Scapa project and oil sales from Minnihik Buck Lake will provide the company with sufficient revenues upon which to build future exploration projects.

United States

Petrosec, during its first year of operation in the United States, acquired an interest in over 115,000 acres of oil and gas leases, and either participated in, or had overriding royalty interests in 19 wells. The major interest has been in Texas where 70,000 acres of leases have been acquired. A major highlight of 1981 was the discovery of the Ynojosa field in Jim Hogg County, Texas. Two wells were completed, each producing approximately 1,800,000 cubic feet of gas and more than 100 barrels per day of high grade condensate. The 7,400 acre lease is estimated to have reserves of 16 billion cubic feet of natural gas and 4,000,000 barrels of condensate.

The test result of Battaglia #1 in Fayette County, Texas indicates commercial quantities of both natural gas and condensate along the prolific Austin Chalk trend.

Financial Review

Net Income

Net income of \$0.98 per common share was achieved in 1981 compared to \$1.92 per common share in 1980. The results were adversely affected by the economic conditions prevalent during the year, principally extremely high rates of interest and very sluggish growth.

Dick Owen, Vice-President Finance



It is to be hoped that the recent signs of reduced inflation will prove to be a trend allowing the monetary authorities to reduce interest rates during 1982.

During the year a large reduction in residential lot revenues was partially offset by the impact of a full year's ownership of the diversified Allarco Developments Ltd., resulting in a modest decrease in net operating income.

It is especially relevant to note that during 1981, Carma Ltd. adhered to its conservative policy of writing down properties to the lower of cost or appraised value on a parcel by parcel basis. The effect of 1981 write downs of \$30.3 million, or 2.2% of the \$1.4 billion appraised value of all real estate owned, was to reduce otherwise reportable net income by \$0.74 per common share.

The impact of the inclusion of the operating results of Allarco Developments Ltd. for a full year in 1981, compared with only a half-year in 1980, shows up on several items in the income statement. This accounts for the large increases in rental income, revenues from financial services and from retail, service and other businesses, rental operating costs, expenses related to financial services, retail service and other businesses and administrative costs, as well as the large decrease in equity in the net income of affiliates.

Cash Flow

Since a greater proportion of the Company's earnings consisted of consolidated operating income rather than equity in the net income of affiliates, and since the property write downs included a sizeable non-cash charge element, cash flow increased to \$60.1 million, or \$2.25 per common share, compared with \$48.0 million or \$2.14 per common share in 1980.

Major Accomplishments

Despite the reduction in reported earnings, the year 1981 was a most satisfactory one in many ways. By the beginning of the year, the multi-stage purchase of Allarco Developments Ltd. was completed, acting as a catalyst for a general reorganization of Carma into a holding company and three major operating subsidiaries. Internal reporting structures were revamped and in certain instances assets were transferred between companies. The most visible elements of this comprehensive plan were the creation of Carma Ltd., the new public parent company, by way of a share exchange in July, and the merger of Allarco Developments Ltd. into its parent Allarco Group Ltd., announced at the end of 1981. Considerable effort and progress was

also made in establishing good staff support at the more decentralized decision making points inherent in the new organization.

Several priority investment goals were accomplished in 1981, including the acquisition of:

- an additional 10% of the shares of Alberta Gas Chemicals Ltd.
- an additional 9% of the shares of North West Trust Company
- a 273 acre parcel in Laguna Niguel and the second half of a previously jointly-owned 2,769 acre tract in Orange County, California
- 450 net acres of land at Calgary and 106 acres of land at Edmonton to partially replace acreage sold over the past few years, and
- strategically located commercial sites in Toronto, Vancouver, San Francisco and Sacramento.

New Financings

In anticipation of the 1981 corporate financing needs, \$130 million 8.75% convertible preferred shares were issued in February, permitting selective growth while keeping the long term debt to equity ratio within reasonable bounds at 2.9 to 1.

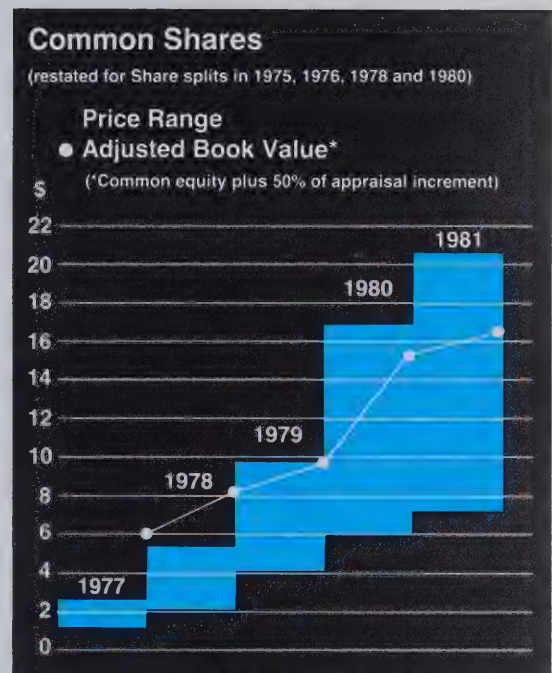
Due to the poor conditions prevalent in the public bond markets, no new issues were placed by Carma, and much greater advantage was taken of available bank credits. General bank indebtedness increased by \$23.0 million to \$103.0 million and bank project loans increased by \$90.6 million to \$137.9 million by year end.

At December 30, 1981 cash, marketable securities and available unused lines of credit totalled approximately \$384 million.

Total floating rate debt, including general bank indebtedness, bank project loans, share acquisition loans, certain vendor mortgages on land, and the Series D debentures, reached \$430 million. To reduce our exposure to floating rates, interest rates on approximately half of this debt were effectively fixed through the use of fully-hedged Eurodollar contracts. As conditions permit, Carma intends to return to the long term capital markets and reduce its current reliance on bank financing and floating rate instruments.

Common Share Performance

From the time Carma's common shares were first publicly listed in late 1972, at an issue price equivalent to \$0.66 today, the value of the shares, after adding the after-tax value of the



underlying real estate and oil and gas properties to book value, has grown to roughly \$16.50 at the end of the current fiscal year. Carma's stock has thus proven to be a superior investment over the years, notwithstanding the depressed state of the stock markets in 1981.

In addition to these gains in value, total common dividends paid during the Company's 8 year dividend history were \$30.8 million or a further \$1.41 per common share.

There were 22,805,740 common shares outstanding at December 30, 1981, of which approximately 48% were owned by Nu-West Group Limited and another 30% were registered in the names of other Carma Builder-Shareholders. In all 99% were registered in the names of Canadian residents.

Ten Year History

Operating results (\$000's)	1981	1980	1979
Revenue.....	481,050	340,107	142,508
Net income	32,972	43,886	29,790
Funds from operations	60,077	48,025	27,670
Dividends paid.....	19,551	8,654	6,504
Per common share*			
Net income			
— basic	\$.98	\$ 1.92	\$ 1.32
— fully diluted98	1.91	1.32
Funds from operations	2.25	2.14	1.23
Dividends.....	.48	.38	.28
Book value	6.17	5.60	3.83
Adjusted book value**	16.50	14.81	8.55
Market price range			
— high	20.62	16.50	9.75
— low	7.25	6.00	4.38
Capitalization ratios			
Short term debt to equity38x	.61x	.14x
Long term debt to equity	2.91x	4.82x	2.25x
Total debt to equity	3.29x	5.43x	2.39x
Other statistics (\$000's except shares)			
Land	551,266	376,825	207,742
Rental properties	247,024	217,252	41,484
Total assets	1,373,382	1,030,771	398,279
Appraisal increment.....	471,232	417,687	209,721
Long term debt	787,953	580,936	200,690
Shareholders' equity	270,641	130,363	89,218
Common shares outstanding*			
Actual (000's).....	22,806	22,687	22,204
Weighted average (000's).....	22,780	22,263	22,163

* adjusted for the 3-for-2 split in 1975 and the 2-for-1 splits in 1976, 1978 and 1980

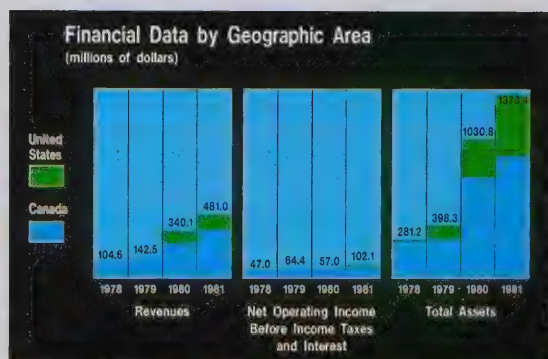
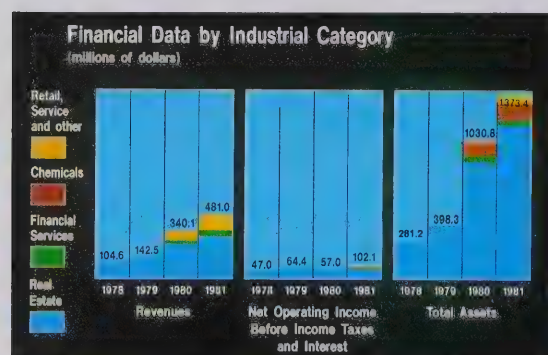
** common equity plus 50% of appraisal increment on real estate and oil & gas properties.

n/a not available

<u>1978</u>	<u>1977</u>	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>
104,620	62,100	57,755	39,487	24,889	20,668	17,360
21,949	11,410	10,429	7,266	3,871	3,002	2,467
37,038	17,707	10,173	11,290	5,015	4,573	3,428
3,085	1,762	1,091	267	162	—	—
\$.98	\$.52	\$.48	\$.35	\$.20	\$.16	\$.14
.97	.51	.47	.35	.17	.13	.12
1.66	.80	.47	.55	.26	.24	.20
.12	.08	.05	.01	.01	—	—
2.79	1.94	1.51	1.09	.76	.56	.41
7.82	5.56	5.11	3.74	2.57	1.96	n/a
5.38	2.31	1.50	1.22	1.18	.78	.71
2.06	1.38	1.06	.66	.58	.60	.56
.28x	.15x	.16x	.12x	.15x	.02x	—
2.02x	1.82x	1.56x	2.36x	2.18x	1.80x	.91x
2.30x	1.97x	1.72x	2.48x	2.33x	1.82x	.91x
159,854	127,599	94,091	74,779	49,175	30,456	12,853
28,984	5,157	—	—	—	—	—
281,258	179,011	127,373	103,423	64,825	44,591	23,522
222,557	160,604	157,719	113,029	70,418	53,961	n/a
134,134	87,202	51,592	54,967	31,992	19,578	7,175
66,495	47,798	33,054	23,282	14,672	10,893	7,863
22,104	22,079	21,918	21,358	19,420	19,319	19,266
22,097	22,027	21,826	20,595	19,393	19,298	17,441

Industrial Categories and Geographic Information

As can be seen on the following charts, Carma Ltd. is still predominately a real estate company with 65% of revenues, 90% of net operating income before interest and income taxes and 84% of total assets identifiable with real estate operations.



Financial Data by Industrial Category (millions of dollars)

	1978	1979	1980	1981
Revenues				
Retail, service and other	—	—	42.9	100.7
Chemicals	—	—	—	—
Financial service	—	—	26.9	65.8
Real estate	104.6	142.5	270.3	314.5
Total	104.6	142.5	340.1	481.0

Net operating income before income taxes and interest

Retail, service and other	—	—	(1.5)	3.4
Chemicals	—	—	—	—
Financial service	—	—	1.0	6.7
Real estate	47.0	64.4	57.5	92.0
Total	47.0	64.4	57.0	102.1

Total assets

Retail, service and other	—	—	26.9	74.8
Chemicals	—	—	83.4	105.9
Financial service	—	—	49.2	36.3
Real estate	281.2	398.3	871.3	1156.4
Total	281.2	398.3	1030.8	1373.4

Financial Data by Geographic Category (millions of dollars)

Revenues

United States	1.3	11.5	76.9	126.8
Canada	103.3	131.0	263.2	354.2
Total	104.6	142.5	340.1	481.0

Net operating income before income taxes and interest

United States	(.3)	(.5)	2.1	12.9
Canada	47.3	64.9	54.9	89.2
Total	47.0	64.4	57.0	102.1

Total assets

United States	10.5	107.1	275.2	481.9
Canada	270.7	291.2	755.6	891.5
Total	281.2	398.3	1030.8	1373.4

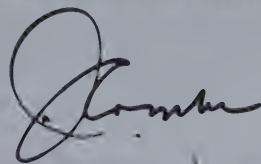
Consolidated Balance Sheet

December 30, 1981

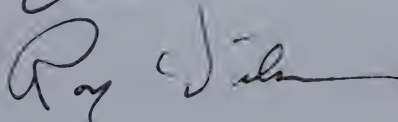
(\$000's)

	Note Reference	1981	1980
Assets			
Cash and marketable securities	3	67,467	19,356
Receivables	4	271,482	237,852
Inventories		12,068	11,871
Residential units under construction		21,197	4,791
Land, developed and under development	5	69,762	75,852
Land held for future development	6	481,504	300,973
Rental properties	7	247,024	217,252
Property and equipment	8	51,684	50,385
Investments	9	137,638	104,255
Deferred financing costs and other		13,556	8,184
		<u>1,373,382</u>	<u>1,030,771</u>
Liabilities			
General bank indebtedness	10	103,005	79,983
Payables and accruals	11	120,323	97,270
Income taxes payable			5,252
Long term debt	12	787,953	628,235
Deferred income taxes		82,497	82,533
		<u>1,093,778</u>	<u>893,273</u>
Minority Interest		<u>8,963</u>	<u>7,135</u>
Shareholders' Equity			
Share capital	13	146,230	17,417
Retained earnings		124,411	112,946
		<u>270,641</u>	<u>130,363</u>
		<u>1,373,382</u>	<u>1,030,771</u>

On Behalf of the Board



Director



Director

Consolidated Statement of Income

Year ended December 30, 1981

(\$000's)

	Note Reference	1981	1980
Revenue			
Real estate			
Residential lots		54,548	106,208
Residential units		2,459	25,578
Commercial, high density and undeveloped property		207,722	103,345
Rental income		25,090	14,127
Interest and other		33,576	21,048
		<u>323,395</u>	<u>270,306</u>
Financial services		65,796	26,909
Retail, service and other		91,859	42,892
		<u>481,050</u>	<u>340,107</u>
Expenses			
Cost of real estate			
Residential lots		32,459	69,704
Residential units		2,623	23,514
Commercial, high density and undeveloped property		150,379	60,389
Rental operating costs		12,934	7,272
Financial services		49,789	17,177
Retail, service and other		85,659	46,067
Interest	15	51,774	36,255
Administrative and general	16	39,372	19,182
Depreciation and amortization		5,705	3,530
		<u>430,694</u>	<u>283,090</u>
Net operating income before income taxes		50,356	57,017
Income taxes		22,066	28,039
Net operating income		28,290	28,978
Equity in net income of affiliates and unconsolidated subsidiary	9	7,101	15,956
Minority interest		(2,419)	(1,048)
Net income		<u>32,972</u>	<u>43,886</u>
Earnings per common share			
Basic		\$.98	\$ 1.92
Fully diluted		\$.98	\$ 1.91

Consolidated Statement of Retained Earnings

Year ended December 30, 1981

(\$000's)

	Note Reference	1981	1980
Balance, beginning of year		112,946	78,935
Net income		32,972	43,886
		<u>145,918</u>	<u>122,821</u>
Less: Dividends	14	19,551	8,654
Excess over stated value of share capital repurchased		584	1,221
Financing costs on convertible preferred share issue (net of income taxes)		1,372	—
		<u>21,507</u>	<u>9,875</u>
Balance, end of year		<u>124,411</u>	<u>112,946</u>

Auditors' Report

To the Shareholders
of Carma Ltd.

We have examined the consolidated balance sheet of Carma Ltd. as at December 30, 1981 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 30, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte Haskins & Sells

CHARTERED ACCOUNTANTS

Calgary, Alberta
February 23, 1982

Consolidated Statement of Changes in Financial Position

Year ended December 30, 1981

(\$000's)

	1981	1980
Cash was provided by the following:		
Operations:		
Net income	32,972	43,886
Items not requiring (not providing) cash:		
Depreciation and amortization	5,705	3,530
Deferred income taxes	(36)	4,124
Equity in net income of affiliates, and unconsolidated subsidiary less dividends received	(3,533)	(16,740)
Amortization of the excess of purchase price over book value of shares of affiliate	3,028	1,514
Minority interest, less dividends paid	1,779	267
Write down of properties to net realizable value	20,162	11,444
	<u>60,077</u>	<u>48,025</u>
Increase in:		
General bank indebtedness	23,022	26,809
Mortgages and agreements payable on rental properties	—	10,774
Bank project loans	90,644	47,299
Share acquisition loans	32,547	—
Decrease in:		
Marketable securities	—	6,656
Investments	—	11,734
Issue of:		
Preferred shares	130,000	—
Common shares	33	48
Debentures	—	42,000
Net change in other assets and liabilities	—	2,407
	<u>336,323</u>	<u>195,752</u>
Cash was used for the following:		
Increase in:		
Marketable securities	3,153	—
Receivables	33,630	85,774
Real estate assets	153,126	81,500
Portfolio investments	6,139	—
Decrease in mortgages and agreements payable on rental properties	34,457	—
Purchase of shares of affiliates and subsidiaries	29,598	2,316
Redemption of:		
Debentures	11,568	12,432
Preferred shares	250	897
Repurchase of common shares	632	1,282
Dividends	17,503	6,526
Net change in other assets and liabilities	1,309	—
	<u>291,365</u>	<u>190,727</u>
Increase in cash and deposit receipts	<u>44,958</u>	<u>5,025</u>
Cash provided by operations, per common share	<u>\$2.25</u>	<u>\$2.14</u>

Notes to Consolidated Financial Statements

Year ended December 30, 1981

1. Accounting policies

General

The Company's accounting policies are in accordance with the recommendations of the Canadian Institute of Chartered Accountants.

Principles of consolidation

Acquisitions are accounted for on the purchase basis. The results of operations are included in the consolidated statement of income from the respective dates of acquisition. The excess of cost over book value is allocated, where appropriate, to the assets acquired.

Affiliated companies in which the Company can demonstrate significant influence are accounted for by the equity method.

The consolidated financial statements also include the Company's proportionate share of the assets, liabilities, revenues and expenses of incorporated and unincorporated joint ventures and partnerships.

The consolidated financial statements include the accounts of the Company and its subsidiaries. Seaboard Life Insurance Company, a subsidiary, is accounted for on the equity method as its financial statements are prepared in accordance with accounting principles generally accepted for the insurance industry, which differ from generally accepted accounting principles.

Foreign exchange

Accounts in foreign currency are translated to Canadian dollars at the rate of exchange in effect at the balance sheet date. Unrealized gains are recorded as deferred income and unrealized losses in excess of unrealized gains are expensed. Realized gains or losses are reflected in the consolidated statement of income at the time they occur.

Valuation of assets

Marketable securities

Marketable securities are valued in the aggregate at the lower of their cost and quoted market value.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Residential units under construction

Residential units under construction are carried at the lower of their average cost and net realizable value.

Land

Land is recorded at the lower of its cost, which includes development costs and carrying charges, and net realizable value. Costs are allocated to the saleable acreage of each project or subdivision as follows:

- (i) undeveloped land cost is prorated on an acreage basis in each phase of a subdivision under development;
- (ii) servicing costs are estimated and prorated on a front footage or per lot basis in each phase of a subdivision under development;
- (iii) upon the substantial completion of each phase of a subdivision under development any difference between actual and estimated servicing costs is recognized by way of adjustment in the accounts;
- (iv) each phase of a subdivision under development is treated as a complete development area.

Capitalization of costs

Carrying charges are capitalized to rental properties, residential units under construction and land held for future development. Carrying charges consist principally of interest on specific debt, an allocation of interest on general debt and real estate taxes.

Certain administrative and general expenses which are incurred in connection with the acquisition or construction of properties are capitalized as a cost of the property.

Rental properties

Rental properties are recorded at cost less accumulated depreciation and amortization.

Depreciation on rental buildings is recorded on a sinking fund basis over 30 to 50 years. The sinking fund method provides a depreciation charge consisting of a fixed annual sum together with interest thereon compounded at 5% per annum, which is sufficient to fully depreciate the buildings over their estimated useful lives.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation on property and equipment is recorded on a straight line basis sufficient to amortize the cost of the assets over their estimated useful lives.

Oil and gas properties

The Company follows the full cost method of accounting for oil and gas properties whereby all costs relating to the exploration for and development of oil and gas reserves, whether productive or nonproductive, are capitalized. Proceeds from the disposal of properties are normally applied as a reduction of the cost of the remaining full cost pool.

Recognition of income

Land and property sales

Revenue from the sale of land or property is recorded on closing or, where sold by way of an agreement of purchase and sale, when the agreement is duly executed and delivered. Profit from the sale of land or property is recorded when the collection of the sale proceeds is reasonably assured and all other material conditions are met, including a cash down payment of not less than 15 per cent.

Residential units

The sale of a residential unit is recorded when the completed unit is conveyed to the purchaser.

Rental properties

Revenue from rental properties is recorded in income from the time when an acceptable level of occupancy is achieved, subject to the expiration of a reasonable period after substantial completion. Net profits or losses prior to this time are capitalized.

2. Corporate reorganization and comparative presentation

Effective July 18, 1981 the Company completed a corporate reorganization, whereby Carma Ltd. acquired control of the shares of Carma Developers, Inc. and Allarco Developments Ltd. Simultaneously, Carma Ltd. shares were exchanged on a one for one basis with the shares held by the public in Carma Developers Ltd. The 1980 comparative figures are those of Carma Developers Ltd.

Where applicable, 1980 comparative figures have been changed to conform to the current year's presentation.

3. Cash and marketable securities

	1981	1980
	(\$000's)	(\$000's)
Cash and deposit receipts	54,757	9,799
Marketable securities	12,710	9,557
	<u>67,467</u>	<u>19,356</u>

Marketable securities have a market value at December 30, 1981 of \$12,710,000 (1980 - \$10,443,000).

4. Receivables

	1981	1980
	(\$000's)	(\$000's)
Amounts due on sale of real estate:		
Residential lots	43,446	71,124
Commercial, high density and undeveloped property	164,465	125,840
Accrued interest	7,281	5,989
Income taxes recoverable	8,663	7,592
Due from officers and employees	1,876	647
Trade receivables and other	45,751	26,660
	<u>271,482</u>	<u>237,852</u>

Receivables are due as follows:

	Total
	(\$000's)
Year ending December 30, 1982	143,730
1983	27,389
1984	20,578
1985	8,293
1986	15,885
Subsequent to December 30, 1986	55,607
	<u>271,482</u>

Mortgages and agreements of purchase and sale bear interest at a weighted average rate of 14.4% at year-end.

Amounts due from officers and employees are comprised of secured advances under employee stock purchase plans and house mortgage loans.

By Notices of Reassessment issued in June 1980, Revenue Canada Taxation reassessed the Company in respect of three taxation years. The reassessed amount of \$5,182,000 was paid and is included in income taxes recoverable. Appeal procedures have been commenced with respect to such reassessments. The issue to be determined is simply the timing of deductions for tax purposes and does not materially affect income reported for financial statement purposes. Tax counsel has advised that the Company has a reasonable expectation of reversing the reassessments.

5. Land, developed and under development

	1981	1980
	(\$000's)	(\$000's)
Developed land, at total estimated cost	71,020	85,909
Less: Estimated cost to complete	19,017	15,376
	<u>52,003</u>	<u>70,533</u>
Land under development, at cost	17,759	5,319
Land, developed and under development, at cost to date	<u>69,762</u>	<u>75,852</u>

6. Land held for future development

	1981	1980
	(\$000's)	(\$000's)
Land and option deposits	379,314	260,233
Interest	70,373	28,741
Development costs	19,052	5,286
Taxes, professional fees and commissions	7,575	3,675
Administrative and general expenses	5,190	3,038
	<u>481,504</u>	<u>300,973</u>

To acquire the land under option, an additional expenditure of \$24,400,000 would be required (1980 — \$30,293,000).

During the year, \$53,400,000 (1980 — \$21,803,000) was charged to land held for future development for interest, taxes, professional fees, commissions and administrative and general expenses.

7. Rental properties

	1981			1980
	(\$000's)			(\$000's)
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Shopping centres	50,822	1,067	49,755	49,702
Office buildings	40,965	972	39,993	59,466
Hotels	28,563	178	28,385	5,096
Apartments and other	43,867	2,986	40,881	53,623
	164,217	5,203	159,014	167,887
Under construction	88,010	—	88,010	49,365
	252,227	5,203	247,024	217,252

Costs to complete rental properties under construction are estimated at \$107,949,000 (1980 — \$30,033,000).

8. Property and equipment

	1981			1980
	(\$000's)			(\$000's)
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Automotive	18,943	2,287	16,656	14,972
Hotels and Restaurants	15,668	2,288	13,380	11,863
Aviation	7,796	1,084	6,712	7,891
Other	17,679	2,743	14,936	15,659
	60,086	8,402	51,684	50,385

9. Investments

	Number of Shares Owned	% Ownership	1981 (\$000's)	1980 (\$000's)
Equity in net assets of affiliated companies:				
Alberta Gas Chemicals Ltd.				
common				
(1980 — 400,000 shares)	500,000	50.0	32,787	21,867
preferred				
(1980 — 2,500,000 shares)	2,500,000	50.0	2,500	2,500
The Christiana Companies, Inc.				
common				
(1980 — 539,000 shares)	591,000	24.5	8,044	8,832
			<u>43,331</u>	<u>30,199</u>
Equity in net assets of unconsolidated subsidiary:				
Seaboard Life Insurance Company				
common				
(1980 — 373,096 shares)	379,796	69.0	7,585	6,352
			<u>50,916</u>	<u>36,551</u>
Unamortized excess of cost of investments over equity in net assets			<u>70,607</u>	<u>60,396</u>
			<u>121,523</u>	<u>96,947</u>
Portfolio investments, at cost			<u>11,686</u>	<u>5,547</u>
Other			<u>4,429</u>	<u>1,761</u>
			<u>137,638</u>	<u>104,255</u>

The equity in earnings of affiliated companies and the unconsolidated subsidiary, net of amortization, is summarized as follows:

	1981 (\$000's)	1980 (\$000's)
Equity in earnings:		
Alberta Gas Chemicals Ltd.	5,826	6,023
Seaboard Life Insurance Company	1,472	1,187
The Christiana Companies, Inc.	299	381
Other	(496)	700
	<u>7,101</u>	<u>8,291</u>
Allarco Developments Ltd.	<u>—</u>	<u>7,665</u>
	<u>7,101</u>	<u>15,956</u>

Allarco Developments Ltd. (Allarco) was acquired through a series of transactions which concluded with Carma acquiring all of the common shares outstanding. The equity in earnings of Allarco for 1980 represents Carma's share of the earnings before control was obtained. Throughout 1981, Allarco was wholly-owned and its earnings are consolidated into net operating income.

The following is the condensed financial information of Seaboard Life Insurance Company.

	<u>1981</u>	<u>1980</u>
	(\$000's)	(\$000's)
Assets employed:		
Cash and marketable securities	36,314	30,524
Loans	6,996	7,247
Other	6,103	1,740
Segregated funds	4,417	4,486
	<u>53,830</u>	<u>43,997</u>
Financed by:		
Policy reserves	24,225	18,252
Liabilities	14,232	11,815
Segregated funds	4,417	4,486
Shareholders' equity	10,956	9,444
	<u>53,830</u>	<u>43,997</u>
Operations for the year:		
Revenue	35,546	26,196
Expenses	32,983	23,736
Net income	<u>2,563</u>	<u>2,460</u>

10. General bank indebtedness

General bank indebtedness is comprised of advances received pursuant to bank lines of credit of certain subsidiary companies. The subsidiaries have each given, as principal security for their lines of credit, floating charge demand debentures and general assignments of receivables.

11. Payables and accruals

	<u>1981</u>	<u>1980</u>
	(\$000's)	(\$000's)
Trade and other payables	92,587	65,316
Accrued development costs on land sold	21,116	24,994
Secured payables	6,620	6,960
	<u>120,323</u>	<u>97,270</u>

A net unrealized foreign exchange gain of \$2,500,000 (1980 — \$2,996,000) is included in trade and other payables.

Inventories of automobiles owned by a subsidiary have been pledged as security for the secured payables.

Sinking fund debentures

787,953 628,235

Principal payments due on long term debt are as follows:

787,953

receipts and future financings to be arranged by the Company.

13. Share capital

Authorized

	Convertible Common Shares				
	Preferred Shares \$20.00	Class A No par value	Class B No par value	Class C Non Voting No par value	Class D Non Voting No par value
Number of shares	50,000,000	100,000,000	100,000,000	100,000,000	100,000,000

Issued and fully paid

	8¾% Cumulative Redeemable First Preferred Shares Series A		8.75% Cumulative Redeemable Convertible Preferred Shares Series A		Convertible Common Shares	
	Number	(\$000's)	Number	(\$000's)	Class A Number (\$000's)	Class B Number (\$000's)
Balance, December 30, 1980	161,025	3,220			17,504,955	10,900
Preferred shares repurchased	(12,500)	(250)				
Shares not transferred on reorganization	(148,525)	(2,970)				
Issued as stock dividends						142,723
Issued under stock option plan					15,000	11
Convertible first preferred share issue			6,500,000	130,000		28,906
Net conversions during the year					2,358,682	3,236
Shares redeemed or repurchased					(67,500)	(48)
Balance, December 30, 1981			6,500,000	130,000	19,811,137	14,099

The opening balances and share transactions to July 18, 1981 were those of Carma Developers Ltd., the former parent company. On that date, as part of a reorganization, the shares of Carma Developers Ltd. were exchanged on a one for one basis for shares of Carma Ltd.

14. Dividends

	1981 (\$000's)	1980 (\$000's)
Preferred share cash dividends	271	329
Convertible preferred share cash dividends	8,466	—
Common share cash dividends	8,766	6,197
Common share stock dividends	2,048	2,128
	<u>19,551</u>	<u>8,654</u>

15. Interest

	1981	1980
	(\$000's)	(\$000's)
Interest incurred on long term debt and general bank indebtedness	111,527	54,602
Less: Interest applicable to land held for future development	44,121	15,768
Interest applicable to rental properties under construction	12,487	2,579
Interest applicable to residential units under construction	3,145	—
Total interest capitalized	59,753	18,347
Interest expense	51,774	36,255
Summary of interest expense:		
Interest related to land development operations	21,727	17,712
Interest related to investments	4,828	7,378
Interest related to completed rental properties	10,300	7,641
Other interest	14,919	3,524
	51,774	36,255

16. Administrative and general

	1981	1980
	(\$000's)	(\$000's)
Administrative and general expenses incurred	43,526	21,265
Less: Amounts received from joint venture participants	622	229
Amounts capitalized to land held for future development	3,532	1,854
Sub-total	4,154	2,083
Administrative and general expense	39,372	19,182

17. Appraisals

(i) Land

The properties and options of the Company and its subsidiaries with the exception of Allarco Developments Ltd. and its subsidiaries were appraised as at December 30, 1981 and 1980 by C. J. Griffin & Associates, formerly J. C. Leslie Appraisals Ltd., Appraisers and Real Estate Consultants. The properties and options of Allarco Developments Ltd. and its subsidiaries were appraised as at December 30, 1981 and 1980 by Edward J. Shaske & Associates Ltd., Appraisers and Real Estate Consultants.

The results of the appraisals are as follows:

	1981 (\$000's)					1980 (\$000's)	
	Residen- tial units under con- struction	Land, developed and under develop- ment	Land held for future develop- ment	Rental properties and rental properties under con- struction	Property and Equipment	Total	Total
Appraised value	27,052	120,812	807,179	341,335	70,390	1,366,768	1,107,323
Book value	21,197	69,762	481,504	247,024	51,684	871,171	649,253
Adjustments to arrive at a basis consistent with the appraisal							
(a) Costs to complete sub- divisions un- der develop- ment		19,017				19,017	15,376
(b) Costs to exercise options		462	23,938			24,400	30,293
(c) Development costs to date on land appraised as undeveloped			(19,052)			(19,052)	(5,286)
Adjusted book value	21,197	89,241	486,390	247,024	51,684	895,536	689,636
Excess of appraised value over total cost thereof	5,855	31,571	320,789	94,311	18,706	471,232	417,687

	1981 Properties of: (\$000's)			1980 Properties of: (\$000's)		
	Carma	Allarco	Total	Carma	Allarco	Total
Summary:						
Appraised value	935,088	431,680	1,366,768	668,548	438,775	1,107,323
Adjusted book value	589,255	306,281	895,536	390,488	299,148	689,636
Excess of appraised value	345,833	125,399	471,232	278,060	139,627	417,687

(ii) Oil and gas properties

The oil and gas properties of Allarco Developments Ltd. were appraised as at December 30, 1981 by oil and gas consultants of The Merbanco Group.

	<u>Total</u> <u>(\$000's)</u>
Appraised value	17,000
Book value	11,675
Excess of appraised value over total cost thereof	<u>5,325</u>

Oil and gas properties were not appraised in 1980.

The appraised value does not make any allowance for selling and administrative expenses nor income taxes related to the sale of appraised properties. The appraisal is the sum total of the individual properties. No assumptions have been made with respect to the bulk sale of the entire holdings or groups of properties.

18. Joint ventures

The financial statements include the Company's proportionate share of the accounts of incorporated and unincorporated joint ventures and partnerships. A summary of these amounts is as follows:

	<u>1981</u> <u>(\$000's)</u>	<u>1980</u> <u>(\$000's)</u>
Assets	226,145	160,856
Liabilities	147,406	46,587
Revenue	39,662	50,271
Expenses	26,828	28,345

The Company is contingently liable under joint and several guarantees for a total of \$105,944,000 (1980 — \$20,762,000) of co-participants' shares of bank loans of joint ventures and partnerships. The co-participants' net worths, including their equity in the assets of the joint ventures and of partnerships, are available to support their respective joint and several guarantees.

19. Transactions with related parties

The Company sells substantially all residential building lots in Canada pursuant to contractual agreements between the Company and certain of its common shareholders who are active house builders (Builder-Shareholders). The contracts assure that each Builder-Shareholder will be entitled to purchase a known percentage of all residential building lots developed by the Company in each division in which the Builder-Shareholder holds a marketing contract. Nu-West Group Limited, which holds a 47.7% interest in the Company, also holds, directly or through subsidiaries, a marketing contract in substantially all areas in Canada in which the Company operates.

A summary of transactions with Nu-West Group Limited and its subsidiaries for the year ended December 30, 1981 and intercorporate balances as at December 30, 1981 with Nu-West Group Limited and its subsidiaries are as follows:

	<u>1981</u> <u>(\$000's)</u>	<u>1980</u> <u>(\$000's)</u>
Sales	15,691	25,806
Accounts receivable	22,647	21,518
Accounts payable	448	1,842

In addition, the Company participates with Nu-West Group Limited in several unincorporated joint ventures for the development of land in the Calgary and Edmonton areas. A summary of the Company's proportionate share of the accounts of these joint ventures as at December 30, 1981 and for the year then ended is as follows:

	1981	1980
	(\$000's)	(\$000's)
Assets	49,170	50,085
Liabilities	24,279	25,175
Revenue	15,930	45,037
Expenses	8,307	23,784

During the year ended December 30, 1981 the Company charged \$421,000 (1980 — \$52,756) to the joint ventures on account of management fees, while Nu-West Group Limited or its subsidiaries charged \$275,000 (1980 — \$285,188) to the joint ventures on account of management fees.

Pursuant to the terms of a private placement, the Company sold to Nu-West Group Limited \$65,000,000 principal amount of 8.75% Cumulative Redeemable Convertible Preferred Shares, Series A.

20. Segmented information

Information as to amounts included in the consolidated financial statements for the different lines of business carried on by the Company is as follows:

	1981				
	(\$000's)				
	Real Estate	Financial Services	Chemicals	Retail, Service & Other	Total
Revenue	314,512	65,796	—	100,742	481,050
Net operating income before depreciation and interest	96,212	7,177	—	4,446	107,835
Depreciation	4,186	482	—	1,037	5,705
	92,026	6,695	—	3,409	102,130
Equity in net income (loss) of affiliates and unconsolidated subsidiary	299	1,458	5,826	(482)	7,101
Income before income taxes, interest and minority interest	92,325	8,153	5,826	2,927	109,231
Interest					(51,774)
Income taxes					(22,066)
Minority interest					(2,419)
Net income					32,972
Total assets — 1981 ...	1,156,346	36,353	105,894	74,789	1,373,382
— 1980 ...	841,319	49,154	83,413	56,885	1,030,771

Information as to amounts included in the consolidated financial statements for the geographic areas in which the Company operates is as follows:

	<u>Canada</u>	<u>United States</u>	<u>Total</u>
	<u>(\$000's)</u>	<u>(\$000's)</u>	<u>(\$000's)</u>
Revenue	<u>354,211</u>	<u>126,839</u>	<u>481,050</u>
Net operating income before interest	<u>89,237</u>	<u>12,893</u>	<u>102,130</u>
Total assets — 1981	<u>891,492</u>	<u>481,890</u>	<u>1,373,382</u>
— 1980	<u>755,601</u>	<u>275,170</u>	<u>1,030,771</u>

Comparative figures for the individual revenue items have not been presented due to a significant subsidiary being acquired part way through 1980.

21. Guaranteed account assets and liabilities

	<u>1981</u>	<u>1980</u>
	<u>(\$000's)</u>	<u>(\$000's)</u>
Assets		
Cash and short term deposits	<u>116,600</u>	84,618
Mortgages, loans and notes receivable	<u>315,287</u>	271,162
Marketable securities	<u>41,600</u>	51,456
	<u>473,487</u>	<u>407,236</u>
Liabilities		
Customers' funds on deposit	<u>446,327</u>	395,459
Mortgages and other	<u>27,160</u>	11,777
	<u>473,487</u>	<u>407,236</u>

The guaranteed account assets and liabilities relate to the trust business of North West Trust Company. Guaranteed account assets are not available for use in the ordinary course of business of the Company and therefore they are recorded in the financial statements net of guaranteed account liabilities. The guaranteed account liabilities of North West Trust Company are fully covered by the guaranteed account assets.

Directors and Officers

Howard Ross (e)	Chairman of the Board and Director	President of Britannia Homes Ltd.
Joe Combe (a,e)	Vice Chairman of the Board, Chief Executive Officer and Director	Executive of the Company and President of Ebmoc Management Ltd.
Roy Wilson (e)	President and Chief Operating Officer and Director	Executive of the Company
Dr. Charles Allard	Director	President, Cathton Holdings Ltd.
Walter R. Badun (a)	Director	President of Madison Management Ltd.
Stan Hooper	Director	President and Chief Operating Officer, Carma Developers, Inc.
Rudy Janzen	Director	President and Chief Operating Officer, Carma Developers Ltd.
Harold R. Logan (c)	Director	Executive Vice-President, W.R. Grace & Company, New York
Ralph Scurfield (c,e)	Director	Chairman and Chief Executive Officer, Nu-West Group Limited
Klaus Springer (c,e)	Director	President of Springer Development Corporation Ltd.
A. Scott Taylor (a)	Director	Vice-President of Pembroke Management Ltd.
Dick Owen	Vice-President, Finance	Executive of the Company
Paul McAteer	Secretary and General Counsel	Executive of the Company
Jim McKelvie	Corporate Comptroller	Executive of the Company
Beverly Watson	Assistant Corporate Comptroller	Executive of the Company

a — audit committee

c — compensation committee

e — executive committee

Transfer Agents and Registrars:

Guaranty Trust Company of Canada — Class A and B Common Shares, 8¾ Convertible Preferred Shares

Shares Listed:

Class A and B Common

Toronto Stock Exchange

Alberta Stock Exchange

Convertible Preferred Shares

Toronto Stock Exchange

Auditors:

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